



**U.S. Department of Justice**

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**PRESS RELEASE**

Richard S. Hartunian, United States Attorney for the Northern District of New York, Rene Febles, Special Agent in Charge of the Office of Inspector General, U.S. Department of Housing and Urban Development in New York, John F. Pikus, Special Agent in Charge of the Albany Division of the Federal Bureau of Investigation, and Lt. John D. Durling of the New York State Police Special Investigations Unit announced that a fourth defendant pled guilty today before United States District Judge Thomas J. McAvoy in Albany in the bank fraud scheme involving Michael Cassadei and others.

Karen Hewitt, age 51, pled guilty today to her role in the scheme in which Cassadei and others used fraudulent loan applications, appraisals, settlement statements, and other false statements and documents to induce the former First Union National Bank of Delaware to finance the sale of Capital Region residential properties that they did not own yet to third parties in amounts well in excess of their actual value, with the participants in the scheme using the proceeds from the loans to purchase the properties in much lower amounts and retaining the bulk of the funds for themselves. Hewitt admitted in Court today that she engaged in various acts in furtherance of this scheme while working at Affirmative Title and Abstract Company in Albany, including submitting documents purporting to issue title insurance on the properties when, at a minimum, the chains of title were not clear, and preparing and submitting to the financial institution false HUD-1 statements that failed

to disclose the true nature of the transactions, in that the bank was unaware that the loan proceeds were actually being used to purchase the properties at issue and for other purposes besides the stated sale of the properties to the end buyers.

On February 17, 2010, Cassadei and appraiser Elmer J. "Joe" McIndoo pled guilty to involvement in the same scheme, and Mary Fox Ianniello pled guilty on February 25, 2010. All four defendants face sentences of up to thirty (30) years imprisonment, a fine of up to \$1 million, or both, a period of up to five years supervised release to follow any term of imprisonment, and mandatory restitution and forfeiture of assets totaling approximately \$135,148.45, subject to any apportionment by the Court. Based upon the estimates presented by the government in Court in the past and today, Cassadei's advisory sentencing guidelines range is approximately 41 to 51 months imprisonment, and the range for Hewitt, Iannello and McIndoo is up to approximately 27 to 33 months. Hewitt's sentencing was set for Friday, July 23, 2010, at 11:30 a.m., before Judge McAvoy in Binghamton.

The investigation in this matter was conducted by the Office of the Inspector General of the United States Department of Housing and Urban Development, the Albany Division of the Federal Bureau of Investigation and the New York State Police Special Investigations Unit, with the assistance of the Internal Revenue Service, Criminal Investigation Division, the United States Postal Inspection Service, and the New York State Banking Commission. It is being prosecuted by the United States Attorney's Office for the Northern District of New York.

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